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# MEASURES AND STRATEGIES FOR ENHANCING HUMAN RESOURCES PRODUCTIVITY: EXPERIENCES IN THE CREATION OF INCOME-GENERATION ACTIVITIES

# Measures and Strategies for Enchancing Human Resources Productivity: Experiences in the Creation of Income-Generation Activities

## Introduction

A most baffling problem facing African planners is their inability to reduce the absolute number of unemployed and underemployed, while raising levels of productivity within their economies. Employment and productivity problems are compounded by rapid population and labour force growth rates; rural to urban migration and labour shifts from subsistence agricultural activities to wage labour markets in the formal and informal sectors; rising job expectations of young school-leavers whose numbers have increased significantly over the years; and, above all, a constricting African economy.

African Governments have, understandably been concerned over the employment situation facing their countries and their bleak prospects for improving it. They have all formulated policies and designed strategies to counter the forces which create more unemployment within their economies, but with little success.

It is necessary for Governments to evolve effective measures to identify employment bottlenecks with a view to designing strategies for enhancing the productivity of human resources and for creating more employment opportunities for a rapidly growing labour force.

## The Meaning of human resources productivity

Labour, as an economic concept, can be defined as the total requirement in mental and physical effort to produce an output within a given period of time. It denotes the human input into productive economic activities and implies the knowledge, skills, attitudes and physical effort required to manupulate capital, technology land etc. to produce goods and services for human consumption.

Productivity is a relative concept. Broadly defined, it means the relationship between output and the total input of factors necessary to produce that output. It implies the existence of a production norm given certain production conditions. One may measure productivity by averaging the productivities of all factor inputs, or by determining marginal productivity which entails measuring the change in output that is occassioned by the addition of one unit of input to production.

A number of factors determine productivity levels: Management and supervision; plant, equipment and materials available to labour; workers' attitudes to work, skill levels; working environment and conditions; worker health, income levels; climatic and geographical factors; Government fiscal and other policies etc. The productivity of human resources can be affected by a number of objective factors such as climate, the geographical location of establishments etc. These are factors that are extraneous to work itself, and which are difficult to control. Subjective variables that affect worker productivity are those which lend themselves to manipulation i.e. skill levels, management practices, health conditions etc.

The Current economic, employment and Productivity Situation

In African economies, labour force distribution among the economic sectors tends to coincide with the distribution of population between the rural/agricultural and the formal/wage sectors. Approximately 85% of the African population resides in rural areas and a corresponding percentage of the labour force operates in subsistence/agricultural activities.

Although open unemployment in the rural/agricultural sector is insignificant, there exists in that sector, large pockets of underemployment. The underemployed are those who for various personality, health or technical reasons are unable to produce to the optimum i.e. workers with low productivity. In rural areas, the most common form of underemployment is what is referred to as "visible" underemployment: workers spend more time than is desirable in leisure or non-economically productive activities. Most of the underemployed include workers whose production activities require less than forty hours of their labour per week. A good number

of agricultural workers are also in "disguised" unemployment. This means that they would be rendered openly unemployed should simple and more efficient methods of production be introduced. At present, rural underemployment is estimated to affect over 70 million workers.

In the formal/wage sector, underemployment is estimated to affect more than 30 million workers. These include the victims of overmanning and the potentially redundant workers who would become openly unemployed if simple changes in management or work practices were made. In addition to those large numbers of unemployed workers, there exists in formal wage labour markets in Africa, some 20 million openly unemployed persons i.e. those willing and able to work, who are actively seeking work but without success.

All indications point to a deterioration of the human resources utilization situation in Africa. Measures and strategies have to be evolved to tackle the problem of open unemployment and to significantly reduce the incidence of underemployment. First among these is government fiscal incentives to stir the economy, investment policies to create effective demand for labour, educational and training programmes that would build up skills, and the improvement of management practices.

Fiscal Measures for enhancing human resources productivity

Government's formulation of fiscal policies to affect worker productivity positively, depends on the economic sector to which these policies are directed. For example, the types of incentives which would affect wage employees would differ from those which would have an impact among workers in small-holder agriculture, subsistence farming or family-owned establishments in the informal sector.

The greatest incentive to worker productivity is an increase in income and earnings provided through wage remuneration. In fact, in industrialized economies, the wage index is one important indicator of productivity levels. Although that measure of productivity cannot be applied in toto in African economies, it should not be dismissed outright. Wage and salary levels in situations where it is difficult to measure how they may be a function of productivity, should be seen as an incentive to motivate workers towards higher productivity. Remuneration through wages and salaries should for African economies, act as input indicators more than output indicators of productivity.

It is important, however, for minimum wage laws as they relate to productivity enhancement, to be examined critically, because their outcomes could be counter-productive. It has been argued that in situations where unemployment has been found to be demand - deficient, minimum wage legislation might even exacerbate the problems since, unless there is an increase in labour's marginal productivity in the short run, it would have a negative impact on profits and induce employers to reduce the size of labour's input to production, thereby increasing unemployment and lower rates of productivity within the economy. Such an eventuality can be avoided by applying wage rate subsidies to employers, so that the latter's income derived from labour would not be decreased, the impact on output would not be negative, and incentives to motive workers would not diminish.

Minimum wage increases might also result in a depressed demand for labour especially if they occur in conditions where productivity is stagnant or declining: Since the minimum wage is applied to low-skilled workers, i.e. low-productivity labour, increasing the price of that labour will only discourage employers from being willing to pay for it, unless there are increases in output that significantly offset the wage increases. Lay-offs would follow and youths would be the first victims.

Another argument against minimum wage increases is the one that sees wage rates in African economies as being already too high vis-a-vis national per-capita incomes, including incomes of subsistence/agricultural workers. Moreover,

increasing minimum wages, tends to have very little impact on real incomes, since, more often than not, consumer prices rise correspondingly, if not higher to erode the increase. Thus wage and price distortions result. Table I shows how this has happened in certain African countries.

Table I. Changes in consumer prices, average and minimum wages in selected developing countries, 1963-74.

| Country | General consumer prices | Average non-agricultural wages/ earnings | Nominal minimum wages | % change in real minimum wages | Col. 3/ col. 2[1] |
|---|---|---|---|---|---|
| | 1963=100 | | | | |
| | (1) | (2) | (3) | (4) | (5) |
| Africa | | | | | |
| Algeria | . | 131.3[2] | 157.6 | . | 0.97[2] |
| Burundi | 157.8[3] | . | 100.0[3] | -36.6 | . |
| Cameroon | 155.7[4,5] | . | 132.4[5] | -14.9[5] | . |
| Central African Rep. | 186.0[6] | . | 150.0 | -19.4 | . |
| Chad | 182.0[6] | . | 200.0 | 9.9 | . |
| Congo | 154.6[6] | . | 271.3 | 75.5 | . |
| Dahomey | . | . | 132.4 | . | . |
| Gabon | 155.8[4] | . | 166.7 | 7.0 | . |
| Ghana | 281.5 | 190.4[7] | 115.1 | -59.0 | 0.61[7] |
| Guinea | . | . | 111.0 | . | . |
| Ivory Coast | 172.0[4] | . | 217.0 | 26.2 | . |
| Kenya | 160.0[4] | 206.3[7] | 208.7 | 30.4 | 0.74[7] |
| Liberia | 187.7[3] | . | 100.0[3] | -44.0[3] | . |
| Libyan Arab Rep. | 160.6[3] | . | 356.0[3] | 121.7[3] | . |
| Madagascar | 168.7[4,5] | . | 117.2[6] | -30.5[3] | . |
| Mali | . | . | 100.0 | . | . |
| Mauritania | 185.9[6] | . | 126.7 | -31.8 | . |

| Country | General consumer prices 1963=100 | Average non-agricultural wages/ earnings | Nominal minimum wages | % change in real minimum wages | Col. 3/ col. 2[1] |
|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) |
| Morocco | 146.6 | . | 260.0 | 77.4 | . |
| Niger | 166.3[4,8] | . | 111.1[8] | -32.2[8] | . |
| Rwanda | . | . | 316.7 | . | . |
| Senegal | 144.1[4,9] | . | 211.6[9] | 46.8[9] | . |
| Tanzania | 199.6 | 139.9[10] | 226.7 | 13.6 | 0.81[10] |
| Togo | 151.0 | . | 132.0 | -12.6 | . |
| Tunisia | 150.8 | . | 171.1 | 13.4 | . |
| Upper Volta | . | . | 106.9 | . | . |
| Zaire | 699.7 | . | 325.6 | -53.5 | . |
| Zambia | 193.8 | 316.2 | 160.0 | -17.4 | 0.51 |

[1] Calculated using the nominal minimum wage rates in force at the beginning and end of the period covered by the data in column 2.

[2] 1968-73.

[3] 1965=100.

[4] Price index is applicable to Africans or lower income groups only.

[5] 1968=100.

[6] Price index is applicable to Europeans or higher income groups only.

[7] 1963-72.

[8] 1964=100.

[9] 1970-74.

[10] 1965-70.

Source: Watanabe, Susumu: "Minimum Wages in Developing Countries", International Labour Review, Vol. 113, No. 3, June 1976, Table 2.

In addition to wages, fringe benefits also form part of the range of incentives provided to workers. Fringe benefits do not entail current money payments to workers, but can include anything paid by the employer for the benefit of the employee. This might range from investments in a workers' cafeteria, to transportation facilities and even benefits required by law i.e. social security, old-age pension etc. Most expenditures for the provison of fringe benefits are tax-exempt. Tax considerations therefore, in most cases, account for generous fringe benefits. In addition, they encourage good workers and those on whom investments have been made through training to work more conscientiously and efficiently.

Employment-Generation Public Investment Programmes and Policies

To tackle the problem of high unemployment i.e. high rates of zero productivity, it is necessary to formulate programmes whose effects on employment creation would be positive. In this, investment programmes of the type that would create demand for labour should be emphasised, and they should be designed in such a way as to create the linkages necessary between production and economic sectors, stimulating greater output from these sector, thus increasing labour demand and employment rates.

The priority sector in all African countries is agriculutre. Increasing productivity in that sector would be salutary not only for the utilization of human resources, but also for economic wellbeing and development. Programmes that would produce such an effect include civil engineering projects to construct small dams, irrigation schemes culverts, wells, feeder roads etc, which would create the infrastructure required to rehabilitate and develop African agriculture, at the same time causing high demand for labour.

Activities that would be more directly related to agricultural production and which would boost employment rates should aim at creating more opportunitie for cultivation by expanding cultivable lands, producing agricultural inputs locally (tools, fertilizer, seeds, pesticides, etc.).

In the industrial sector investment should be guided by policies aimed at creating backward linkages with agriculture and mining and forward linkages with services. This would not only stimulate productivity and output in those sectors, but would also create high labour demand.

The informal sector should also be encouraged stimulated to grow because of its potentials to create jobs and provide training to millions of new entrants into the labour force, and for the valuable inputs it provides to other sectors. This might be achieved by providing loans, credit and other support facilities to entrepreneurs within this sector.

Improving the Management of Human Resources

Efficiency in human resources management determines efficiency in productivity. It is therefore important for managers of the work-force to be carefully selected so that they are able to bring to the production process, all the skills necessary to make them bring out the best from the work-force. This requires that human resources managers be equipped with the skills necessary to be effective in planning, in procuring and applying effectively, material inputs to production, in supervising and monitoring workers and in motivating them towards high productivity.

These skills must be shown at the initial stage of recruitment, which simply implies the selection of the best material among a range of available materials. Any mistakes at this initial stage of management would obviously affect the skills input to production in a negative way. After having selected the group of people with the appropriate skills, knowledge, aptitudes and experience to undertake production, the manager must be sure that he makes available to them the relevant inputs and support services that would facilitate the production process and yield high quality outputs. Here choice of production equipment and tools, transport and communications systems, and the arrangement of the physical working environment all become extremely important in the management function. Supervision, the really operational element in management, follows. It is at this level that the interplay

of available factors of production are monitored and made to interact towards higher levels of productivity. The line manager is the prime agent in this. It becomes his job to bring out the best in his work-force by helping to sharpen their skills on the job through training, by encouraging self-development for greater work efficiency, by motivating his team so that they become more productive and more efficient, and by clearing obstacles that depress productivity levels.

These attributes of management can be instilled into managers through education and training. It is therefore important for African Governments to raise management skill levels, so that they contribute much more to raising human resources efficiency within the continent. Management training programmes should be increased and strengthened, and more efforts are required to translate management theory so that it fits production realities in African countries.

Education and Training of the African Work-force

The education and training system determines to a large measure, the skills composition of the work-force within an economy. Where this system inculcates skills and knowledge that are irrelevant to the needs of employers, they would, naturally contribute to unemployment, underemployment and low levels of productivity. In quantitative terms the numbers of workers with high levels of skills also determine the potential aggregate productivity of human resources within an economy.

In Africa, this is an area that requires great attention because of the low skill levels prevailing and the high job/skills mismatches which are prevalent in African countries. These mismatches are normally corrected through training on the job or in formal training institutions. Opportunities for providing such services to Africa's work-force are still inadequate. Facilities for providing formal training in institutions within the region are inadequate, and employers are reluctant to spend production time and resources in providing training on the job.

This general situation has contributed to intensifying the brain drain from African countries, which was, only ten years ago, a minor inconvenience to African Governments, but which has emerged to pose a serious threat to the skills supply situation in African economies today.

A number of measures should be directed to improving the delivery capacity of African educational and training systems. Curricula and course offerings need to be streamlined with the socio-economic development needs and priorities of African countries, education and training opportunities should be made available to a larger proportion of the work-force. Systematic training of the present work-force should be seen as a policy that is essential to the maintenance, if not the improvement of the levels of productivity within the economy. And cooperation between African Governments and educational and training institutions can only strengthen the region's capabilities to deliver this vital service in human resources development.

Some Experiences in the Creation of Income Generation Activities

As has been indicated elsewhere, income and wage levels in any economy are a function of productivity trends within that economy. In addition, it is only through work that incomes and wages can be earned. The level of earnings also determines the national propensity to consume, thereby stimulating more output demand, and to save, thus helping national domestic resource mobilization for further development investments.

Poor economic performance in all African countries in the recent past has severely limited the potential to create more opportunities for productive employment and incomes to a large percentage of the labour force. A negative ripple effect has been felt throughout the economy, real earnings have dropped significantly, unemployment and underemployment have increased, the demand for goods and services has declined and the overall levels of poverty and hardship have risen.

African Governments have shown concern over this situation and are making attempts to reverse the trend. In many African countries employment is emerging as an important objective in development planning, and a few countries have actually gone beyond the statement of this policy objective, to instituting programmes that would contribute to providing jobs and incomes and actually raising productivity. This section will review briefly the experiences in implementing income-generation programmes in some African countries.

Policies and Programmes

Government policies on employment have, in AFrica, generally emphasised the custodial functions of Government vis-a-vis the work-force employers and industrial production. As far as policies aimed at generating more employment are concerned, the effort in Africa is relatively recent. As far back as 1982, the Government of Tanzania formulated a new set of development priorities in what was referred to as the Structural Adjustment Programme which was launched to:

(i) control inflation
(ii) raise industrial productivity
(iii) control credit expansion
(iv) control the growth of public service and parastatals
(v) control the allocation of foreign exchange so that production activities receive top priority.

To attain these objectives, SAP called for the mobilization of US$300 million in import support; the diversion of some US$80 million from project aid to support balance of payments for the importation of raw materials, spare parts and other inputs essential for production. It was expected that the Programme would result in the rationalization of production to increase capacity utilization, improve manpower productivity and reduce unproductive activities. It's impact would be such as to revive economic productivity and thereby generate more demand for labour.

In addition, Government policy placed great priority on invigorating the agricultural sector by preventing surplus labour in urban areas from remaining there in futile attempts to find employment. Labour exchanges were closed down and unemployed workers were moved to rural areas, in a scheme termed the "villagization" programme.

In Rwanda where there exists rather serious youth unemployment problems, it is Government policy, in the current 10 year plan, to embark on long-term structural measures aimed at providing productive -- not necessarily salaried -- work to the majority of the country's labour force.

The Government of Zaire is taking a somewhat different approach to the problem of unemployment. Economic difficulties have seriously depressed the effective demand for labour to the extent that employers in the public and private sectors are pushing for more lay-offs. It is now Government policy that in the interest of avoiding further hardships to the Zairian people, no workers should be laid off as a result of the demand deficiency.

The Government of the Congo, in its 1982-86 training programme has emphasised the need to orient the skills of the country's work-force towards national requirements for socio-economic development. This would reduce the incidence of educated unemployment and make workers much more productive in economic activities. The main objective of the programme is to harness all productive forces within the labour force and to reach full employment levels in the medium-term.

In Cameroon, an innovative youth employment programme has been in operation for some years now. It has a two-pronged objective: first, to stem the tide of rural to urban migration of youth, and secondly to provide gainful employment in rural areas as a disincentive to migration. Within the programme, rural youth entering the labour force are assisted with capital, inputs and training to start off and are constantly supported and monitored through a very effective extension system.

In Kenya, an important employment generation strategy is the new District Focus Programme. This development strategy aims at decentralizing development resources to the District levels with a view to developing growth poles with high income and employment generation potentials; keep labour resources in rural areas by encouraging the investments in rural towns as a priority over large urban centres; and increasing investments in essential social services in rural areas.

The particular circumstances of the countries neighbouring the Republic of South Africa deserve special mention. Because of the labour and economic relationship between them and South AFrica, they have come to realize that their economies are heavily dependent on South AFrica for the provision of gainful employment to the majority of their labour force. Individually these countries have evolved policies and programmes aimed at lessening this dependence, and collectively, they have come together in the Southern African Labour Commission (SALC) to harmonize policies and chart out strategies for creating, within and among SALC member States, the socio-economic conditions required to obviate the need to send migrant labour to the mines of South Africa. SALC members are Lesotho, Swaziland, Botswana, Zambia, Zimbabwe and Mozambique.

## Institutions

To be successful in implementing policies and programmes, effective institutions need to be put in place. All African countries have a structure for providing institutional support to programme and policy implementation: Ministries of labour and of planning have, traditionally been responsible for implementing Government employment and human resources utilization policies. However in recent years, ministries of manpower have been created in certain countries in order to emphasise the importance of manpower in socio-economic development. Where full ministries do not exist to monitor manpower planning and development, at least ministerial departments, sections and units have been established within existing ministries for that purpose.

These Government institutions are responsible for collecting data and information on manpower development and utilization with a view to determining trends, emerging problems and other elements requiring corrective measures. They also liaise with training institutions and employers to agree on effective employment and training policies. Another very important function of these Government institutions is to enforce Government legislation on m npower and employment questions.

Responsibility for monitoring employment generation programmes in Kenya is vested in the Ministry of Labour, Division of Manpower Planning and Development. This Division collects data on and monitors employment trends within the Kenyan economy, collates information on jobs, vacancies and other types of labour market information and develops programmes for the employment of youth, women and the handicapped. The Division's Integrated Employment Services System also provides Career Guidance and Counselling services in order to make manpower and employment planning more effective. Twenty-eight employment exchanges are in operation throughout the country, bringing together employers and job-seekers in the employment market.

In Rwanda, it is the Ministry of Labour and the public service that holds responsibility for employment matters in both the public and the private secotrs. It operates an employment exchange service, collecting vacancies and matching these with available manpower. It also operates a labour market information system and liaises with the ministries of planning and education on matters related to education and training, job creation and future manpower needs of the economy.

Institutional machineries for employment generation in Zaire are not that highly developed. Within the Ministry offPlanning, there is a Department of Labour whose terms of reference include the labour exchange function, issuing of work permits and contracts, and labour market information. Unfortunately, because of financial and staff constraints, the Department has not been too effective in discharging these labour administration functions.

A more complex arrangement exists in Congo where three ministries each hold responsibility for employment and labour matters. The Department of Human Resources in the Ministry of Planning, the Department of educational planning in the Ministry of Education, and the Department of Manpower in the Ministry of Labour. The work of these three institutions is coordinated by the Ministry of Planning.

In Zimbabwe, the Ministry of Labour and Manpower Development carries out the employment and manpower planning function. It operates a labour exchange, a workers' and vocational training programme, a manpower planning programme and an employment monitoring system. This Ministry is a result of a merger between the erstwhile ministries of labour and manpower -- a move that was made to reflect the interrelatedness of the two functions.

The above serves to illustrate the effort in Africa to create institutions that would assist African Governments in improving their capabilities for employment planning and income generation. The experiences in this, have been diverse. Some African countries show a higher level of development than do others, this illustrating the degree of commitment to employment creation.

Research and Studies

Employment generation is a subject that requires much research and study, primarily to understand the constraints on greater employment creation, but also to come up with strategies that would maximize employment in underdeveloped economies. Unfortunately, in Africa, Governments have not paid great heed to this aspect of the problem and the work in this area conducted by African Governments is scanty.

It must be mentioned, however, that some African Governments have undertaken studies aimed at proposing more effective strategies of employment creation within their economies; Benin, Senegal, Kenya, Zambia to name only a few. International organizations have also assisted African Governments. ILO's Jobs and Skills Programme for Africa (JASPA), has undertaken a number of interesting work in the

areas of employment, unemployment, incomes and poverty. Country studies have been done for Rwanda, Sierra Leone, Lesotho, Kenya, Somalia, Sudan, Ethiopia and Zambia. The Southern African Team for Employment Promotion (SATEP) has also carried out research on employment in Southern African countries, and conducted informal sector studies in a number of those countries. ECA's work in manpower and employment-related issues has covered Uganda, Tanzania, Rwanda, Congo, Zaire, Cameroon, Egypt, the Sudan and Kenya.

Although all those efforts have been made to assist African countries better understand the factors, constraining greater employment creation, very little has been achieved through appropriate follow-up to institute measures that would siginficantly reduce the incidence of unemployment and underemployment in African countries. The fact that these two employment conditions have been on the increase over the years, attests to the ineffectiveness of African Governments in charting out strategies that would reverse the trend.

## Conclusion

Human resources productivity decreases within African economies have ontributed to the very poor performance of African economies in the last several years. Unemployment and underemployment have been on the increase, with very little hope of improving the situation in the years ahead.

Measures should be evolved to address the situation by bringing improvements in education and training, in management of the work-force, in employment planning and in the conduct of studies on labour and employment. African Governments have made efforts to improve things in these areas, but much more needs to be done.

Above all there is need for constant monitoring of developments in the area of employment, which calls for an effective diagnostic system to be put in place. Follow-up on studies and research is important, as is the need to coordinate the activities of all Government organs with inputs into the development and utilization of human resources.